

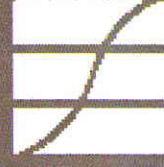


**California High-Speed  
Rail Authority**

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# Developing Criteria For Project Programming

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## Introduction & Overview



With the passage of Prop 1A providing \$9 B of bonds for project construction and the pursuit of additional federal, local, and private funding, the Authority may wish to consider how to prioritize projects.

**The purpose of this presentation is to:**

- Provide background on the need to establish project priority selection criteria
- Summarize the Authority's existing policies
- Review Prop 1A for guidance on phasing criteria
- Present the findings of a preliminary review of other agencies' selection criteria
- Solicit the Board's approval to develop a process to establish project priority selection/programming criteria.

## Need for Programming Criteria



**Developing transparent selection criteria will become increasingly important for the Authority in the coming months.**

- Focus will shift from program level concerns to the project level.
- As projects become shovel-ready, the Authority will need to determine which will be first in line to receive funding.
- Publishing transparent priority selection criteria will help the Authority communicate its goals and objectives to stakeholders throughout the State, serving to mitigate political concerns over which areas of the State receive benefits first.
- A clear selection process may help to secure early federal, local, and private funds.
  - All funding partners will be interested in the project phasing to see how the entire project fits together.
  - This is especially the case among P3 investors, who are focused on project timing .



## Existing Selection Policies



In the 2005 Implementation Plan, the HSRA acknowledged the need for program criteria due to the enormous scale of the project.

The 2005 Implementation Plan took into account the following programming considerations:

- The availability of capital to construct the section and procure train systems
- Ridership and revenue potential and the ability of the section to be operated without state subsidy
- The ability to service train sets at appropriate maintenance facilities
- A distribution of construction and initiation of service in both northern and southern California
- The avoidance of cost increases related to labor or material scarcity.

## Existing Selection Policies



**The Board revisited programming criteria when it adopted the High Speed Rail Authority's Phasing Plan in May 2007.**

The 2007 Phasing Plan designated Los Angeles/ Anaheim to Merced and San Francisco as Phase One of the project based on the following:

- Early utility of sections
- Local/ regional participation in early funding
- Many regions served
- Forecast significant operating surplus to attract P3 partners
- Need to develop a 100-mile test track for High-Speed Train equipment
- Completion possible in 10 years or less



## **Proposition 1A**



**The passage of Prop 1A in November, 2008 resulted in the authorization of \$9 billion in State bonds for High Speed Rail, subject to certain requirements:**

- No more than 50% of the construction cost of a “usable segment” (an alignment section connecting at least two stations) may be paid from bond funds.
- No more than 10% of bond proceeds may be used for environmental studies, planning, and preliminary engineering (\$900 million).
- Bond proceeds may not be used for system operations and maintenance.

## Proposition 1A



### Additional Prop 1A requirements:

- For capital costs, the Authority must submit a financial plan for each usable segment before bond proceeds may be appropriated.
  - Financial plan will be subject to peer review, review by the Department of Finance, and the policy and fiscal committees of the Legislature.
- The State Legislature must first appropriate bond money.
- Prior to expending appropriated bond proceeds, the Authority must submit an additional detailed corridor funding plan and a financial report – to ensure consistency with the initial segment financial report.



## Proposition 1A



### **Prop 1A also includes requirements on how decisions are made for prioritizing projects.**

- Prop 1A requires Phase I (designated as San Francisco Transbay to LA Union Station/Anaheim) access bond funds first, but permits Sacramento, San Diego, and Altamont sections to be eligible for bond proceeds upon certain findings.
- The measure provides that the Authority will give priority to sections expected to require the lowest amount of bond proceeds as a percentage of construction costs.
- Other criteria that Prop 1A establishes include:
  - Projected ridership and revenue
  - Need to test and certify high-speed equipment
  - Utility for other passenger train services (except services that result in unreimbursed cost to the Authority)
  - Enhanced connectivity to high-speed rail.



## Need for Priority Phasing Criteria--Federal Stimulus



**Developing early priority programming criteria may be necessary to make use of any future federal stimulus funds.**

- The Authority may need to develop a methodology for determining where to spend money received from a federal stimulus package.
- The stimulus package includes \$8 billion for “High Speed Rail corridors and Intercity Passenger Rail Service”.
  - High-Speed Train funding must be obligated by 9/30/12
  - The Federal government will establish a strategic plan for use of the funds and guidance covering grant terms, conditions, and procedures.
- While opportunities for operable segments may exist, stimulus funds could be spent on projects that facilitate high-speed rail in the future.
  - Commuter rail shared alignment upgrades and grade separations are examples of projects currently contemplated for stimulus funds.



### **Authority staff and consultants have begun a preliminary survey of project selection criteria of other California agencies.**

- The Team has performed a review of project selection criteria from LA MTA, CTC, MTC and SANDAG.\*
- Although the Authority's selection criteria could differ substantially, some of the practices from these agencies could be applied in the Authority's own selection process.
- In general, these agencies outline their objectives and then create a combination of quantitative and qualitative measures for each objective.

\*The Team reviewed: the CTC's "Corridor Mobility Improvement Account Guidelines;" the "Program Guidelines for the CTC's Trade Corridors Improvement Fund" (proposition 1B, 2006); MTC's preliminary findings for "Transportation 2035: Project Performance Assessment," LA County Metropolitan Transportation Authority, Planning and Programming Committee, September 17, 2008, and SANDAG's "Technical Appendix 7" from the 2030 Regional Transportation Plan.



# Sample Metrics



After developing a set of key criteria, the Authority could work to establish qualitative and quantitative measures for each criterion.

Sample Criteria	Sample Metrics
<b>Financial</b>	<b>Financial benefits/viability of constructing the proposed phase</b>
	Amount/percentage of private participation expected
	Ability to take advantage of early funding opportunities
	Amount/percentage of non-State funds available for construction
	Ability to operate without a subsidy/generate a surplus
<b>Political/ Regulatory</b>	<b>Nessecary political/regulatory support for the project</b>
	FRA safety authorization
	Compliance with existing/ new environmental regulations
	Acceptance by local agencies, railroads, PUC & utilities
	Inclusion/ acceptance in existing development plans for rail, transit, airports, highways
	Necessary state, local, federal political support
<b>Public Benefits</b>	<b>Quantifiable and qualitative public benefits from a certain phase</b>
	Mobility improvement in areas served
	Connectivity with public transit systems
	Air quality benefits/emissions reduction
	Congestion reduction on other travel modes
	Public safety improvements including grade crossings eliminated
<b>Readiness/Early Delivery</b>	<b>Readiness of projects for construction and contribution to on-time completion</b>
	Design, engineering, environmental completed
	Contribution to testing/proving high-speed rail equipment
	Contribution to completing the phase one project on schedule
<b>Resource Availability</b>	<b>Availability of nessecary resources to construct the project</b>
	Financial resources to fund the project
	Availability of people, labor, raw materials, right of way for construction
	Availability of trainsets/ high-speed rail equipment
<b>Usage</b>	<b>Amount of riders that will use/benefit from construction</b>
	Forecast annual high-speed rail ridership
	Connectivity/increase in ridership on congruent HSR phases
	Improvements to/increase in commuter service ridership

## Developing a methodology



**The Authority may combine several program selection methods.**

**Selection methodology could include:**

- Board discretion on a section-by-section basis
- Quantitative rating system that weights various pre-determined factors
- A qualitative evaluation of project factors by staff and the consultant team with recommended action to the board.
- A project “checklist” that pre-qualifies projects based on certain “yes or no” criteria, then Board discretion.
- A blend of all of the above/other methods.



## Next Steps



**At the direction of the Board, Authority staff and consultants are prepared to develop recommended program priority selection criteria.**

- The Team would conduct additional research and work with Authority Staff to develop formal objectives and program selection criteria to present to the Board for consideration.
- The Authority staff recommend a target date of July 2009 for adoption of the Board's preferred process.

